JUDGE CAPRONI 14 CV 6038

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ZUBAIR PATEL, Individually and On Behalf of All Others Similarly Situated, Plaintiff, v. L-3 COMMUNICATIONS HOLDINGS, INC., MICHAEL T. STRIANESE, and RALPH G. D'AMBROSIO, Defendants.	**Case No.** **CLASS ACTION** **DEMAND FOR JURY TRIAL**

COMPLAINT FOR VIOLATION OF THE FEDERAL SECURITIES LAWS

Plaintiff Zubair Patel ("Plaintiff"), individually and on behalf of all other persons similarly situated, by his undersigned attorneys, for his complaint against defendants, alleges the following based upon personal knowledge as to himself and his own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through his attorneys, which included, among other things, a review of the defendants' public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding L-3 Communications Holdings, Inc. ("L-3" or the "Company"), analysts' reports and advisories about the Company, and information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons other than Defendants (defined below) who purchased or otherwise acquired L-3 securities between April 25, 2013 and July 30, 2014, both dates inclusive (the "Class Period"). Plaintiff seeks to recover damages caused by Defendants' violations of the federal securities laws and to pursue remedies under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Rule 10b-5 promulgated thereunder, against the Company and certain of its top officials.

2. L-3 is a prime contractor in aerospace systems and national security solutions. L-3 is also a leading provider of a broad range of communication and electronic systems and products used on military and commercial platforms. Through its subsidiary, L-3 Communications Corporation, L-3 provides command, control, communications, intelligence, surveillance, and reconnaissance systems; aircraft modernization and maintenance; and national security solutions in the United States and internationally.

3. The Company operates in four segments: Aerospace Systems, Electronic Systems, Communication Systems, and National Security Solutions. L-3 was founded in 1997 and is headquartered in New York, New York. L-3 trades on the New York Stock Exchange ("NYSE") under the ticker symbol "LLL".

4. As of December 31, 2013, approximately 47% of the Company's consolidated net sales were generated from contracts (revenue arrangements), which mostly require the Company to design, develop, manufacture, modify, upgrade, test and integrate complex aerospace and electronic equipment, and to provide related engineering and technical services according to the buyer's specifications. According to the Company, these revenue arrangements or contracts are generally fixed-price, cost-plus, or time-and-material type and are covered by accounting

standards for construction-type and production-type contracts and federal government contractors.

5. Substantially all of L-3's cost-plus and time-and-material contracts are with the U.S. Government, primarily the Department of Defense. Certain of the contracts with the U.S. Government are multi-year contracts that are funded annually by the customer, and sales on these multi-year contracts are based on amounts appropriated (funded) by the U.S. Government.

6. Throughout the Class Period, Defendants made materially false and misleading statements regarding accounting matters at the Company's Aerospace Systems segment. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) L-3's financial statements contained errors related to the improper deferral of cost overruns on a fixed-price maintenance and logistics support contract resulting in overstatement of operating income; (2) net sales with respect to the fixed-price maintenance and logistics support contract were overstated; (3) the Company lacked adequate internal and control over financial reporting; and (4) as a result of the foregoing, the Company's financial statements were materially false and misleading at all relevant times.

7. On July 31, 2014, before the markets opened for trading, L-3 announced "Preliminary Second Quarter 2014 Results." The Company announced preliminary results due to the disclosure of a concurrent internal accounting review into matters at the Company's Aerospace Systems segment. According to the press release:

> The review relates to accounting matters at the Company's Aerospace Systems segment, and is being conducted with the assistance of outside accounting and legal advisors. The Company currently expects to incur an aggregate pre-tax charge of $84 million against operating income and a related reduction in net sales of approximately $43 million. Of these charges, approximately $50 million relates to periods prior to 2014, and approximately $34 million relates to the first half of 2014, of which $30 million relates to the second quarter of 2014. Additionally, as a result of the review, the Company has lowered its estimated operating income for the Aerospace Systems segment by approximately $35 million for the second half of 2014.
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> The adjustments primarily relate ***to contract cost overruns that were inappropriately deferred and overstatements of net sales, in each case with respect to a fixed-price maintenance and logistics support contract.*** The period of performance on this contract began December 1, 2010, and is scheduled to end on January 31, 2015. The Company believes that the amounts associated with these adjustments are the result of misconduct and accounting errors at the Aerospace Systems segment. The misconduct included concealment from L-3's Corporate staff and external auditors.

8. Moreover, according to the July 31, 2014 press release, L-3 management immediately terminated certain employees in the Aerospace Systems segment.

9. As a result of this news, shares of L-3 fell $14.68, or more than 12%, on extremely heavy volume, to close at $104.96 on July 31, 2014.

10. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

11. The claims asserted herein arise under and pursuant to §§10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and §78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

12. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. §1331 and §27 of the Exchange Act.

13. Venue is proper in this District pursuant to §27 of the Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as a significant portion of the Defendants' actions, and the subsequent damages, took place within this District.

14. In connection with the acts, conduct and other wrongs alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mail, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

15. Plaintiff, as set forth in the accompanying Certification, which is incorporated by reference herein, acquired L-3 securities at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures.

16. Defendant L-3 is a prime contractor in aerospace systems and national security solutions. L-3 is also a leading provider of a broad range of communication and electronic systems and products used on military and commercial platforms. L-3 is headquartered in New York, New York and trades on the NYSE under the symbol "LLL".

17. Defendant Michael T. Strianese ("Strianese") has served, at all relevant times, as the Chairman, President and Chief Executive Officer ("CEO") of L-3.

18. Defendant Ralph G. D'Ambrosio ("D'Ambrosio") has served, at all relevant times, as Senior Vice President and Chief Financial Officer ("CFO") of L-3.

19. The defendants referenced above in ¶¶ 17 – 18 are sometimes referred to herein as the "Individual Defendants."

20. Defendant L-3 and the Individual Defendants are referred to herein, collectively, as the "Defendants."

SUBSTANTIVE ALLEGATIONS

Background

21. L-3 Holdings, a Delaware corporation organized in April 1997, derives all of its operating income and cash flows from its wholly-owned subsidiary, L-3 Communications Corporation. L-3 Communications Corporation, a Delaware corporation, is a prime contractor in Intelligence, Surveillance and Reconnaissance ("ISR") systems, Command, Control, Communications ("C3") systems, platform and logistics solutions for aircraft, maritime vessels and ground vehicles, and national security solutions. L-3 is also a leading provider of a broad range of electronic systems used on military and commercial platforms. L-3 customers include the United States Department of Defense ("DoD") and its prime contractors, U.S. Government intelligence agencies, the U.S. Department of Homeland Security ("DHS"), U.S. Department of State (DoS), allied international governments, and domestic and international commercial customers.

22. The Company has four reportable segments: (1) Aerospace Systems (also reported as the Platform & Logistics Solutions ("P&LS") and Aircraft Modernization and Maintenance ("AM&M") reportable segments), (2) Electronic Systems, (3) Communication Systems, and (4) National Security Solutions.

23. As of December 31, 2013, approximately 47% of L-3's consolidated net sales were generated from contracts (revenue arrangements) that require the Company to design, develop, manufacture, modify, upgrade, test and integrate complex aerospace and electronic equipment, and to provide related engineering and technical services according to the buyer's specifications. These revenue arrangements or contracts are generally fixed-price, cost-plus, or time-and-material type and are covered by accounting standards for construction-type and production-type contracts and federal government contractors.

24. Substantially all of L-3's cost-plus type and time-and-material type contracts are with the U.S. Government, primarily the DoD. Certain of the contracts with the U.S. Government are multi-year contracts that are funded annually by the customer, and sales on these multi-year contracts are based on amounts appropriated by the U.S. Government.

Materially False and Misleading Statements Issued During the Period

25. On April 25, 2013, the Company issued a press release announcing results for the first quarter ended March 29, 2013. For the quarter, L-3 reported diluted earnings per share of $2.11, a net sales increase of 1% to $3.2 billion, net cash from operating activities of $146 million, funded orders of $2.9 billion, funded backlog of $10.5 billion, and reaffirmed 2013 financial guidance. With respect to the P&LS reportable segment, L-3 reported:

> P&LS net sales for the 2013 first quarter increased by $3 million compared to the 2012 first quarter [$616.5 million v. $614 million]. Platform Solutions sales increased by $56 million, which was nearly fully offset by a sales decline of $53 million for Logistics Solutions. The Platform Solutions sales increase was primarily due to increased volume for aircraft maintenance for the Canadian Department of National Defence, EC-130 aircraft for the U.S. Air Force (USAF), international head-of-state aircraft modifications, and the Australia C-27J. The decrease in Logistics Solutions was primarily due to the competitive loss of a task order for U.S. Army contract field team support services in Southwest Asia, which was completed in 2012.
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> P&LS operating income for the 2013 first quarter decreased by $5 million, or 8%, compared to the 2012 first quarter [$57.5 million v. $62.3 million]. Operating margin declined by 80 basis points to 9.3% primarily due to lower margin sales mix for Platform Solutions.

26. On May 7, 2013, the Company filed a Form 10-Q with the SEC which was signed by defendant D'Ambrosio, and reiterated the Company's previously announced quarterly financial results and financial position. In addition, the Form 10-Q contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") by defendants Strianese and

D'Ambrosio, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

27. On July 25, 2013, the Company issued a press release announcing results for the second quarter ended June 28, 2013. For the quarter, L-3 reported diluted earnings per share of $2.03, a net sales increase of 2% to $3.2 billion, net cash from operating activities of $250 million, funded orders of $3.5 billion, funded backlog of $10.8 billion, and updated 2013 financial guidance. With respect to the P&LS reportable segment, L-3 reported:

> *Second Quarter*: P&LS net sales for the 2013 second quarter increased by $29 million, or 5%, compared to the 2012 second quarter [$620.3M v. $591.5M]. Platform Solutions sales increased by $46 million, which was partially offset by a sales decline of $17 million for Logistics Solutions. The Platform Solutions sales increase was primarily due to increased volume for the Australia C-27J, aircraft maintenance for the Canadian Department of National Defence, and modifications for U.S. Air Force (USAF) EC-130 aircraft and international head-of-state aircraft. The decrease in Logistics Solutions was primarily due to the competitive loss of a task order for U.S. Army contract field team support services in Southwest Asia, which was completed in 2012, and reduced fleet management services due to the loss of the Joint Primary Aircraft Training Systems (JPATS) contract for the USAF, partially offset by increased volume for field maintenance and sustainment services for USAF training aircraft.
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> P&LS operating income for the 2013 second quarter of $66 million increased by $14 million, or 28%, compared to the 2012 second quarter. Operating margin increased by 190 basis points to 10.6% primarily due to higher margin sales mix for Logistics Solutions.
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> *First Half*: P&LS net sales for the 2013 first half increased by $31 million, or 3%, compared to the 2012 first half [$1,236.8M v. $1,205.5M]. Platform Solutions sales increased by $102 million, which was partially offset by a sales decline of $71 million for Logistics Solutions. The Platform Solutions sales increase and the Logistics Solutions sales decrease were due to trends similar to the 2013 second quarter.
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> P&LS operating income for the 2013 first half of $123 million increased by $10 million, or 8%, compared to the 2012 first half. Operating margin increased by 60 basis points to 10.0% primarily due to higher margin sales mix for Logistics Solutions.

28. On August 1, 2013, the Company filed a Form 10-Q with the SEC which was signed by defendant D'Ambrosio, and reiterated the Company's previously announced quarterly financial results and financial position. In addition, the Form 10-Q contained signed SOX certifications by defendants Strianese and D'Ambrosio, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

29. On October 29, 2013, the Company issued a press release announcing results for the third quarter ended September 27, 2013. For the quarter, L-3 reported diluted earnings per share from continuing operations of $2.23, net sales of $3.0 billion, net cash from operating activities of $221 million, funded orders of $2.7 billion, funded backlog of $10.6 billion, and updated 2013 financial guidance. With respect to the P&LS reportable segment, L-3 reported:

> *Third Quarter*: P&LS net sales for the 2013 third quarter decreased by $59 million, or 9%, compared to the 2012 third quarter [$590M v. $649M]. Platform Solutions sales decreased by $71 million, which was partially offset by a sales increase of $12 million for Logistics Solutions. The Platform Solutions sales decrease was primarily for the Australia C-27J aircraft due to timing of contract deliverables, U.S. Navy maritime patrol aircraft due to reduced funding caused by sequestration and reduced deliveries of aircraft cabin assemblies. The increase in Logistics Solutions was primarily due to increased volume for field maintenance and sustainment services for U.S. Air Force (USAF) training aircraft driven by a new competitively won contract.
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> P&LS operating income for the 2013 third quarter of $52 million decreased by $13 million, or 20%, compared to the 2012 third quarter. Operating margin decreased by 120 basis points to 8.8% primarily due to lower margin sales mix for Logistics Solutions.
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> *Year-to-Date*: P&LS net sales for the 2013 year-to-date period decreased by $27 million, or 1%, compared to the 2012 year-to-date period [$1,827M v. $1,854M]. Logistics Solutions sales decreased by $59 million, which was partially offset by a sales increase of $32 million for Platform Solutions. The decrease in Logistics Solutions was primarily due to the competitive loss of a task order for U.S. Army contract field team support services in Southwest Asia, which was completed in 2012, and reduced fleet management services due to the loss of the Joint Primary Aircraft Training Systems contract for the USAF. These decreases were partially

> offset by increased volume for field maintenance and sustainment services for USAF training aircraft. Platform Solutions sales increased primarily due to increased volume for USAF EC-130 and international head of state aircraft, and aircraft maintenance for the Canadian Department of National Defence, partially offset by lower volume for the Joint Cargo Aircraft (JCA), Australia C-27J aircraft, and U.S. Navy maritime patrol aircraft, as well as reduced deliveries of aircraft cabin assemblies.
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> P&LS operating income for the 2013 year-to-date period of $176 million decreased by $3 million, or 2%, compared to the 2012 year-to-date period. Operating margin decreased by 10 basis points to 9.6% primarily due to the decrease in sales for Logistics Solutions.

30. Also, on October 29, 2013, the Company filed a Form 10-Q with the SEC which was signed by defendant D'Ambrosio, and reiterated the Company's previously announced quarterly financial results and financial position. In addition, the Form 10-Q contained signed SOX certifications by defendants Strianese and D'Ambrosio, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

31. On January 30, 2014, the Company issued a press release announcing results for the fourth quarter ended December 31, 2013. For the quarter, L-3 reported diluted earnings per share from continuing operations of $2.17, net sales of $3.3 billion, net cash from operating activities of $646 million, funded orders of $3.0 billion, funded backlog of $10.3 billion, and issued initial financial guidance for 2014. With respect to the P&LS reportable segment, L-3 reported:

> *Fourth Quarter*: P&LS net sales for the 2013 fourth quarter decreased by $13 million, or 2%, compared to the 2012 fourth quarter [$616M v. $629M]. Platform Solutions sales decreased by $31 million, which was partially offset by a sales increase of $18 million for Logistics Solutions. The Platform Solutions sales decrease was primarily due to lower volume for U.S. Navy maritime patrol aircraft resulting from reduced funding caused by the U.S. Government sequestration cuts and lower U.S. Air Force (USAF) Joint Cargo Aircraft (JCA) volume as the program nears completion, partially offset by Australia C-27J aircraft due to timing of contract deliverables. The increase in Logistics Solutions

was primarily due to increased volume for field maintenance and sustainment services for USAF training aircraft driven by a new competitively won contract and U.S. Army C-12 aircraft.

P&LS operating income for the 2013 fourth quarter of $51 million, which included severance charges of $2 million, decreased by $6 million, or 11%, compared to the 2012 fourth quarter. Operating margin decreased by 80 basis points to 8.3% primarily due to lower margin sales mix for Logistics Solutions, partially offset by improved contract performance for Platform Solutions.

Full Year: P&LS net sales for the year ended December 31, 2013 decreased by $40 million, or 2%, compared to the year ended December 31, 2012 due to a sales decline for Logistics Solutions [$2,443M v. $2,483]. Platform Solutions sales remained substantially the same as 2012. The decrease in Logistics Solutions was primarily due to the competitive loss of a task order for U.S. Army contract field team support services in Southwest Asia, which was completed in 2012, and reduced fleet management services due to the loss of the Joint Primary Aircraft Training Systems (JPATS) contract for the USAF. These decreases were partially offset by increased volume for field maintenance and sustainment services for USAF training aircraft and U.S. Army C-12 aircraft. For Platform Solutions, higher volume on USAF EC-130 and international head of state aircraft, and aircraft maintenance for the Canadian Department of National Defence was offset by lower volume for U.S. Navy maritime patrol aircraft and JCA, as well as reduced deliveries of aircraft cabin assemblies.

P&LS operating income for the year ended December 31, 2013 of $227 million, which included severance charges of $2 million, decreased by $9 million, or 4%, compared to the year ended December 31, 2012. Operating margin decreased by 20 basis points to 9.3% primarily due to the decrease in sales for Logistics Solutions.

32. On February 25, 2014, the Company filed its annual report on Form 10-K which was signed by defendants D'Ambrosio and Strianese, and reiterated the Company's previously announced quarterly and annual financial results and financial position. In addition, the Form 10-K contained signed SOX certifications by defendants Strianese and D'Ambrosio, stating that the financial information contained in the Form 10-K was accurate and disclosed any material changes to the Company's internal control over financial reporting.

33. On May 1, 2014, the Company issued a press release announcing results for the first quarter ended March 28, 2014. For the quarter, L-3 reported diluted earnings per share of $2.01, net sales of $3.0 billion, funded orders of $3.0 billion, funded backlog of $10.4 billion, and increased 2014 financial guidance. With respect to the Aerospace Systems reportable segment, L-3 reported:

> Aerospace Systems net sales for the 2014 first quarter decreased by $104 million, or 9%, compared to the 2013 first quarter [$1,082M v. $1,186]. Sales decreased $62 million for Platform Systems and $42 million for ISR Systems. Sales for Logistics Solutions remained substantially the same. Platform Systems sales decreased: (1) $24 million due to lower U.S. Air Force (USAF) Joint Cargo Aircraft (JCA) volume as the contract nears completion, (2) $22 million primarily due to lower volume for aircraft maintenance for the Canadian Department of National Defense due to timing and reduced funding, (3) $19 million due to lower volume for U.S. Navy maritime patrol aircraft resulting from reduced funding caused by U.S. Government sequestration cuts, and (4) $16 million due to reduced deliveries of aircraft cabin assemblies. These decreases were partially offset by a sales increase of $19 million for Australia C-27J aircraft due to timing of contract deliverables. ISR Systems sales declined primarily due to lower sales and volume for small ISR aircraft and aircraft systems due to the U.S. military drawdown in Afghanistan, partially offset by higher volume for logistic support and fleet management services to the DoD and ISR platforms for foreign military customers.
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> Aerospace Systems operating income for the 2014 first quarter decreased by $26 million, or 19%, compared to the 2013 first quarter [$114M v. $140M]. Operating margin declined by 130 basis points to 10.5%. Operating margin declined by 260 basis points primarily due to lower sales and mix changes. This decrease was partially offset by 70 basis points due to lower pension expense of $8 million and 60 basis points due to improved contract performance.

34. The statements referenced in ¶¶ 25 – 33 above were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to accounting matters at the Company's Aerospace Systems segment, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) L-3's financial statements contained errors related to the improper deferral of cost overruns on a fixed-price maintenance

and logistics support contract resulting in overstatement of operating income; (2) net sales with respect to the fixed-price maintenance and logistics support contract were overstated; (3) the Company lacked adequate internal and control over financial reporting; and (4) as a result of the foregoing, the Company's financial statements were materially false and misleading at all relevant times.

The Truth Emerges

35. On July 31, 2014, before the markets opened for trading, L-3 announced "Preliminary Second Quarter 2014 Results." The Company announced preliminary results due to the disclosure of a concurrent internal accounting review into matters at the Company's Aerospace Systems segment. According to the press release:

> The review relates to accounting matters at the Company's Aerospace Systems segment, and is being conducted with the assistance of outside accounting and legal advisors. The Company currently expects to incur an aggregate pre-tax charge of $84 million against operating income and a related reduction in net sales of approximately $43 million. Of these charges, approximately $50 million relates to periods prior to 2014, and approximately $34 million relates to the first half of 2014, of which $30 million relates to the second quarter of 2014. Additionally, as a result of the review, the Company has lowered its estimated operating income for the Aerospace Systems segment by approximately $35 million for the second half of 2014.
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> The adjustments primarily relate ***to contract cost overruns that were inappropriately deferred and overstatements of net sales, in each case with respect to a fixed-price maintenance and logistics support contract***. The period of performance on this contract began December 1, 2010, and is scheduled to end on January 31, 2015. The Company believes that the amounts associated with these adjustments are the result of misconduct and accounting errors at the Aerospace Systems segment. The misconduct included concealment from L-3's Corporate staff and external auditors.

36. Moreover, according to the July 31, 2014 press release, L-3 management immediately terminated certain employees in the Aerospace Systems segment.

37. As a result of this news, shares of L-3 fell $14.68, or more than 12% on extremely heavy volume, to close at $104.96 on July 31, 2014.

38. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant losses and damages.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

39. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired L-3 securities traded on the NYSE during the Class Period (the "Class"); and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

40. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, L-3 securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by L-3 or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

41. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

42. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

43. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of L-3;
- whether the Individual Defendants caused L-3 to issue false and misleading financial statements during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of L-3 securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and,
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

44. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

45. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- Defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- L-3 securities are traded in efficient markets;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NYSE, and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased and/or sold L-3 securities between the time the Defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

46. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

47. Alternatively, Plaintiffs and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128, 92 S. Ct. 2430 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information, as detailed above.

COUNT I

Violation of Section 10(b) of The Exchange Act and Rule 10b-5 Against All Defendants

48. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

49. This Count is asserted against Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

50. During the Class Period, Defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of L-3 securities; and (iii) cause Plaintiff and other members of the Class to purchase or otherwise acquire L-3 securities and options at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

51. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the Defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for L-3 securities. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about L-3's finances and business prospects.

52. By virtue of their positions at L-3, Defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants

acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal the materially false and misleading nature of the statements made, although such facts were readily available to Defendants. Said acts and omissions of Defendants were committed willfully or with reckless disregard for the truth. In addition, each defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

53. Defendants were personally motivated to make false statements and omit material information necessary to make the statements not misleading in order to personally benefit from the sale of L-3 securities from their personal portfolios.

54. Information showing that Defendants acted knowingly or with reckless disregard for the truth is peculiarly within Defendants' knowledge and control. As the senior managers and/or directors of L-3, the Individual Defendants had knowledge of the details of L-3's internal affairs.

55. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of L-3. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to L-3's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price for L-3's securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning L-3's business and financial condition which were concealed by Defendants, Plaintiff and the other members of the Class purchased or otherwise acquired L-3

securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by Defendants, and were damaged thereby.

56. During the Class Period, L-3's securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the Defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased or otherwise acquired shares of L-3 securities at prices artificially inflated by Defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said securities, or would not have purchased or otherwise acquired them at the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff and the Class, the true value of L-3 securities was substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of L-3's securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

57. By reason of the conduct alleged herein, Defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

58. As a direct and proximate result of Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases, acquisitions and sales of the Company's securities during the Class Period, upon the disclosure that the Company had been disseminating misrepresented financial statements to the investing public.

COUNT II

Violation of Section 20(a) of The Exchange Act Against The Individual Defendants

59. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

60. During the Class Period, the Individual Defendants participated in the operation and management of L-3, and conducted and participated, directly and indirectly, in the conduct of L-3's business affairs. Because of their senior positions, they knew the adverse non-public information regarding L-3's business practices.

61. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to L-3's financial condition and results of operations, and to correct promptly any public statements issued by L-3 which had become materially false or misleading.

62. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which L-3 disseminated in the marketplace during the Class Period. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause L-3 to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of L-3 within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of L-3 securities.

63. Each of the Individual Defendants, therefore, acted as a controlling person of L-3. By reason of their senior management positions and/or being directors of L-3, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, L-

3 to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of L-3 and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

64. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by L-3.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against Defendants as follows:

A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;

C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: August 1, 2014

Respectfully submitted,

POMERANTZ LLP

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Attorneys for Plaintiff

CERTIFICATION PURSUANT
TO FEDERAL SECURITIES LAWS

1. I, Zubair Patel, make this declaration pursuant to Section 27(a)(2) of the Securities Act of 1933 ("Securities Act") and/or Section 21D(a)(2) of the Securities Exchange Act of 1934 ("Exchange Act") as amended by the Private Securities Litigation Reform Act of 1995.

2. I have reviewed a Complaint against L-3 Communications Holdings, Inc. ("L-3 Communications" or the "Company"), and authorize the filing of a comparable complaint on my behalf.

3. I did not purchase or acquire L-3 Communications securities at the direction of plaintiffs counsel or in order to participate in any private action arising under the Securities Act or Exchange Act.

4. I am willing to serve as a representative party on behalf of a Class of investors who purchased or acquired L-3 Communications securities during the class period, including providing testimony at deposition and trial, if necessary. I understand that the Court has the authority to select the most adequate lead plaintiff in this action.

5. To the best of my current knowledge, the attached sheet lists all of my transactions in L-3 Communications securities during the Class Period as specified in the Complaint.

6. During the three-year period preceding the date on which this Certification is signed, I have not sought to serve as a representative party on behalf of a class under the federal securities laws.

7. I agree not to accept any payment for serving as a representative party on behalf of the class as set forth in the Complaint, beyond my pro rata share of any recovery, except such reasonable costs and expenses directly relating to the representation of the class as ordered or approved by the Court.

8. I declare under penalty of perjury that the foregoing is true and correct.

Executed 7/31/14
(Date)

(Signature)

Zubair Patel
(Type or Print Name)

L-3 Communications Holdings Inc. (LLL) **Patel, Zubair IRA**

LIST OF PURCHASES AND SALES

DATE	PURCHASE OR SALE	NUMBER OF SHS/UTS	PRICE PER SH/UT
07/02/2014	PUR	185	$120.4500